

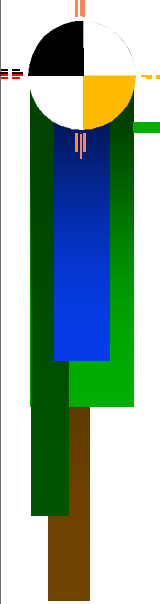


# Level of Need Funded (LNF) Study

"Cost of an equitable health benefits package for Indian people"

**DECEMBER, 1999**

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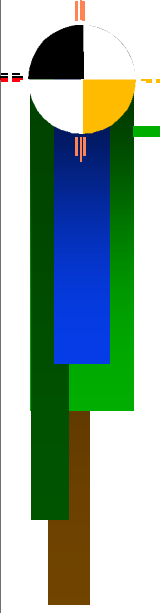


## Why this research?

- Health gap for Indian people
- Health services are NOT assured for Indian people
- What is the cost to assure equitable health services to Indian people?

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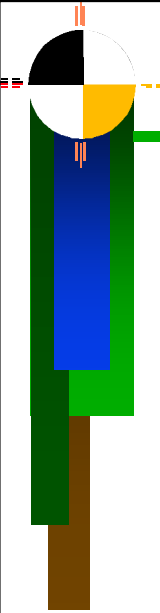
## IHS Level of Need Funded Project



### Members from each area plus 4 at-large

<u>Area</u>	<u>Representative</u>	<u>Organization</u>
<b>Aberdeen</b>	Arlis Keckler	Cheyenne River Sioux Tribe
<b>Alaska</b>	Carolyn Crowder	Norton Sound Health Cooperation
<b>Albuquerque</b>	Joyce Naseyowma	Albuquerque Indian Health Board
<b>Bemidji</b>	Russ Vizna	Sault St. Marie Health Center
<b>Billings</b>	Gordon Belcourt	Mt/Wy Area Indian Health Board
<b>California</b>	Jim Crouch	California Rural Indian Health Board
<b>Nashville</b>	Thomas John	Seneca Nation of Indians
<b>Navajo</b>	Taylor McKenzie, M.D.	Vice Pres. Navajo Nation
<b>Oklahoma</b>	Howard Roach	Commanche Tribe
<b>Phoenix</b>	Dr. Daniel Honahni	The Hopi Tribe
<b>Portland</b>	Colleen Cawston	Colville Business Council
<b>Tucson</b>	Reuben Howard	PYT Health Department
<b>Urban Prs</b>	Ron Morton	San Diego Am. Indian Health. Ctr.
<b>NIHB</b>	Deanna Bauman	Oneida Community Health Center
<b>Self Gov.</b>	Joe Moran	Salish-Kootenia
<b>IHS</b>	Cliff Wiggins	IHS, Office of the Director

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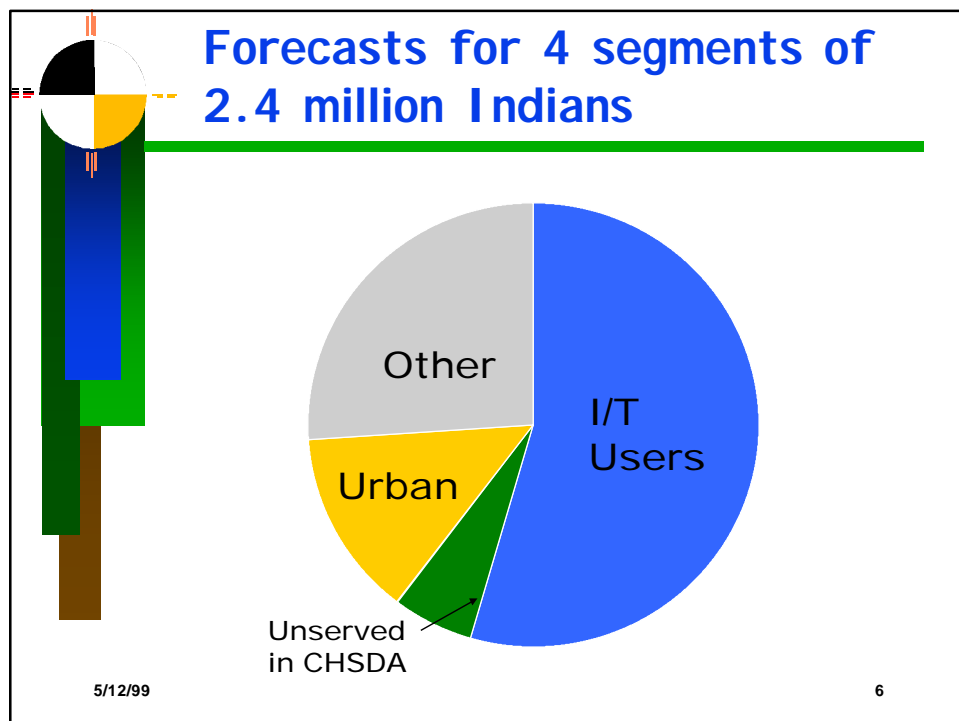
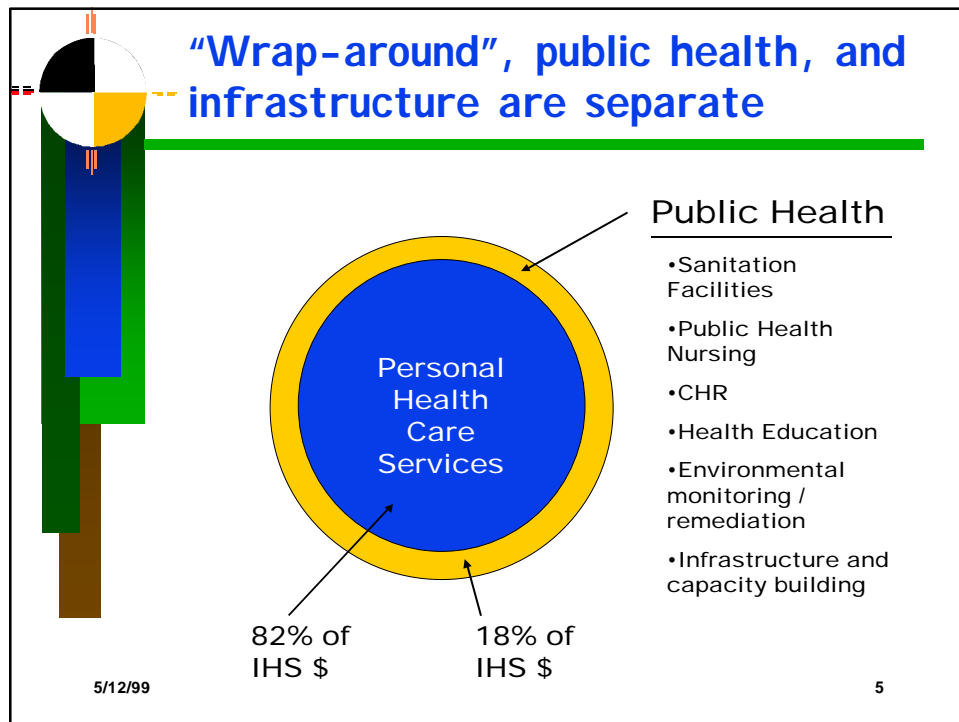


### Research must be credible

- LNF Workgroup guided the study - members from each area plus 4 at large
- Research conducted by actuarial firm
- Used industry standard research methods for mainstream benefits

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## IHS Level of Need Funded Project



## IHS Level of Need Funded Project

### Actuarial Calculation

<i>Stage of Calculation</i>		<i>Cost Per Person</i>
Premium per person, US under-65 population		\$2,100
Premium per person, US population w elderly		\$2,833
Cost, US population (premium+copays/deductibles)		\$3,391
Cost per person adjusted for age-sex-health status		\$3,153
Cost per person adjusted for geographic location		\$2,980

\$2,980 is the (average) full cost

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### Forecast Funding Needs

#### Personal Medical Services

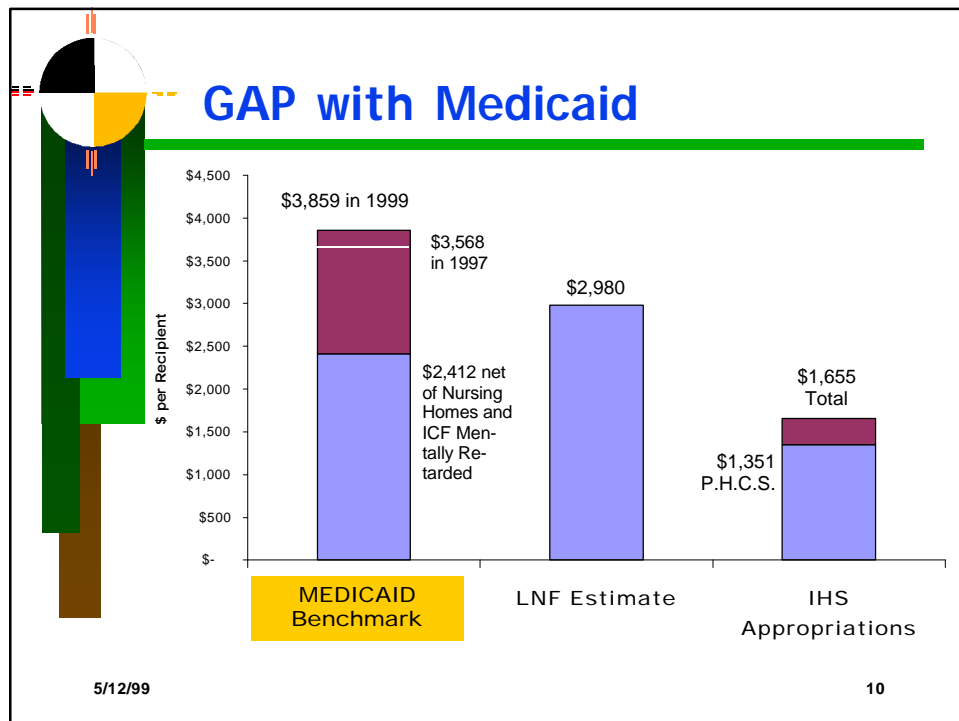
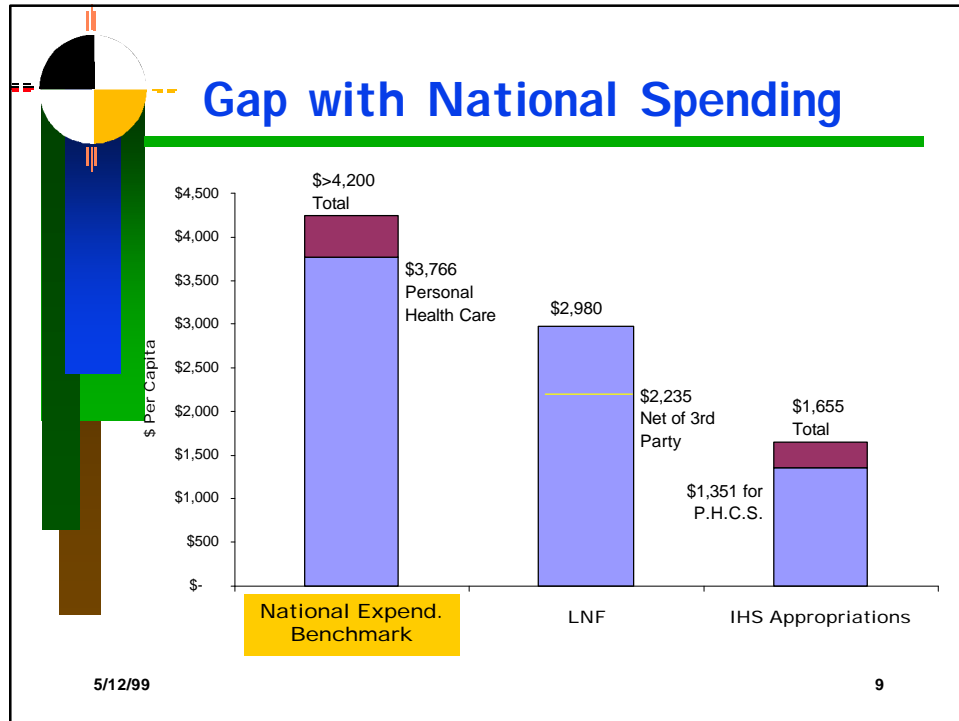
	<i>Number</i>	<i>\$ cost each*</i>	<i>Cost in Billions</i>
<b>Users</b>	1,340,000	\$2,980	\$4.0
<b>Eligible</b>	140,000	\$2,980	\$0.4
<b>Urban</b>	340,000	\$3,170	\$1.1
<b>Other</b>	640,000	\$3,170	\$2.0
<b>Total</b>	2,460,000		\$7.5

Does not include infrastructure improvements  
or public health activities

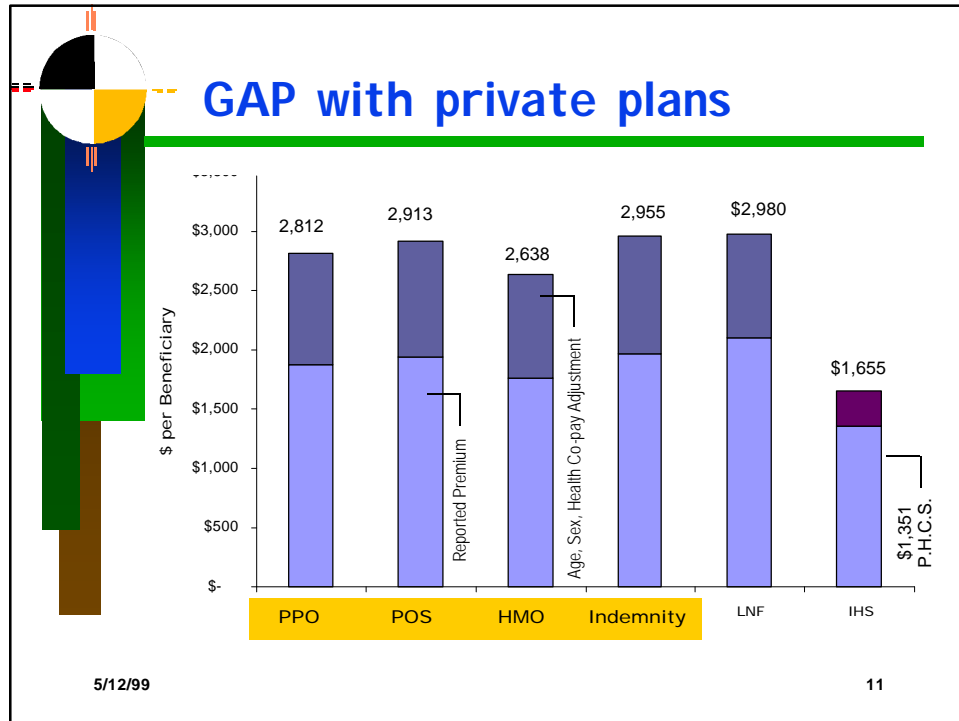
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## IHS Level of Need Funded Project



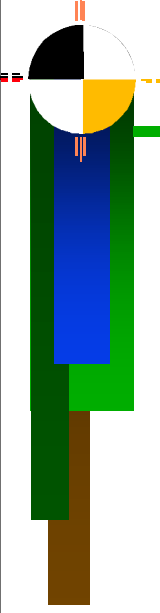
## IHS Level of Need Funded Project



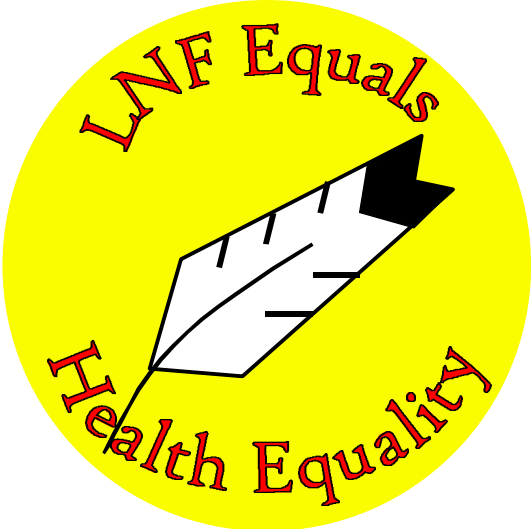
### LNF study gives a story to tell with one voice

- ✓ A huge health funding gap exists
- ✓ The health gap will not close unless the funding gap is reduced
- ✓ \$1.2 billion budget increase needed to close funding gap for 1.34 million users
- ✓ PLUS: Needed \$ for public health wrap-around, infrastructure, and urban health

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## Our Principle



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# LEGISLATIVE STRATEGY

How should we address the huge gap?

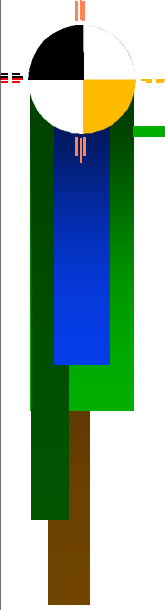
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## Speaking with one voice

- Commitment
- Collaboration
- Self Starting

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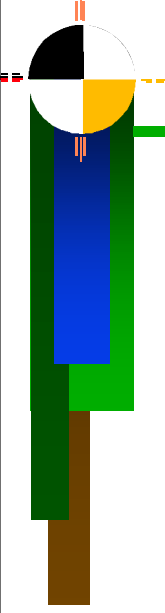


## Multi-year Approach

- 4 years @ \$300m = \$1.2 billion
- Focuses on personal health care services only
- Equity with the dominant society

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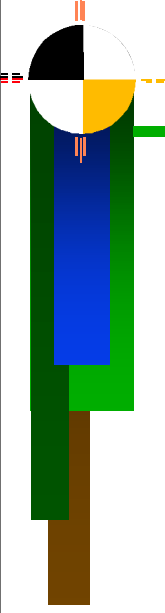
**Equal focus on each decision point**

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**The Administration**

- White House
- OMB
- DHHS
- IHS

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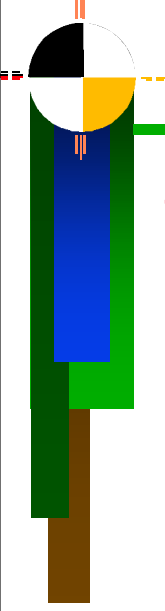
**Equal Focus on Decision Points**

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**House of Representatives**

- House Budget Committee
- Appropriations Sub-Committee on Interior and Related Agencies
- Conference Committee

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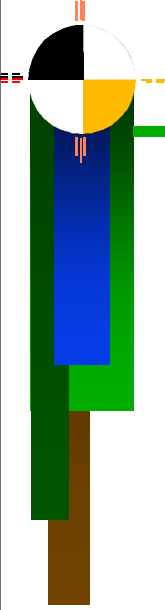


## Equal Focus on Decision Points

### The Senate

- Senate Indian Affairs Committee
- Senate Finance Committee
- Senate Conference Committee

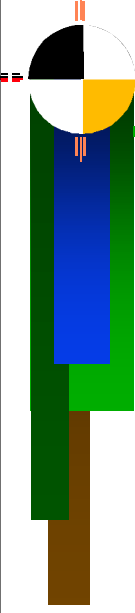
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## What is Phase II?

- What would the benefits package cost in your local area?
- Propose a strategy to allocate resources using the LNF model

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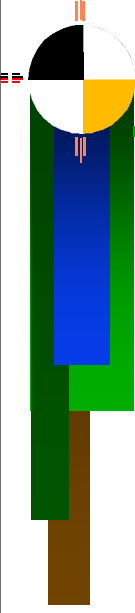
## Adapting the model for local conditions

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National Cost of Benefits Package	<b>\$2,980</b>
Adjust for different <b>Health Status</b>	<b>+/- %</b>
Adjust for different <b>External Prices</b>	<b>+/- %</b>
Adjust for different <b>Internal Efficiency (size)</b>	<b>+/- %</b>
Area Cost of Benefits Package	<b>\$?,???</b>

How are Areas different?

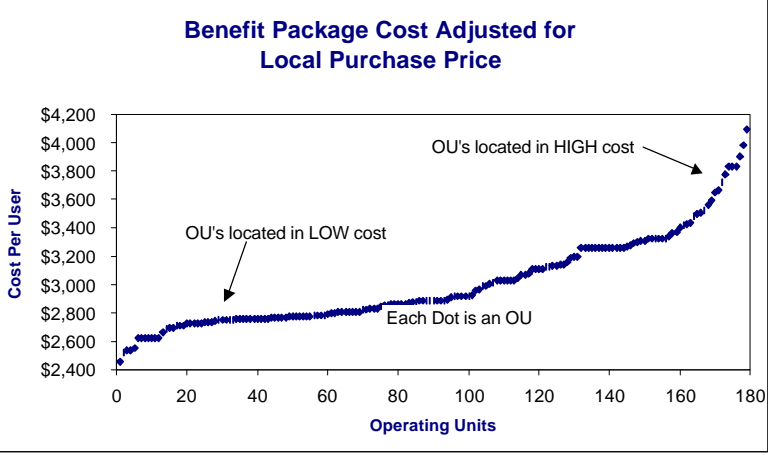
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## Variations in local prices

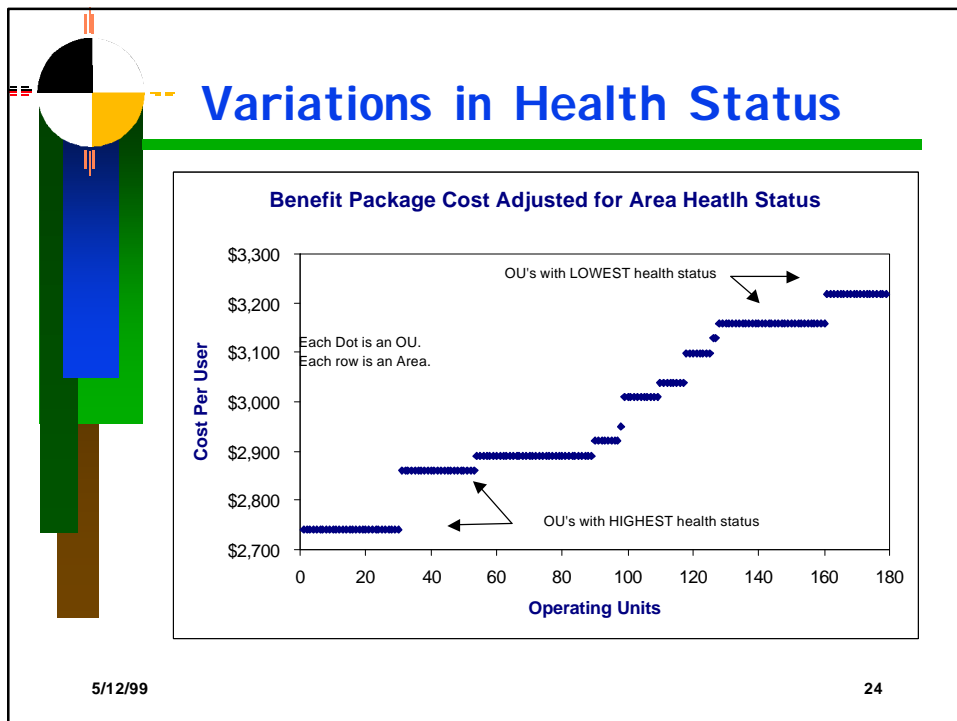
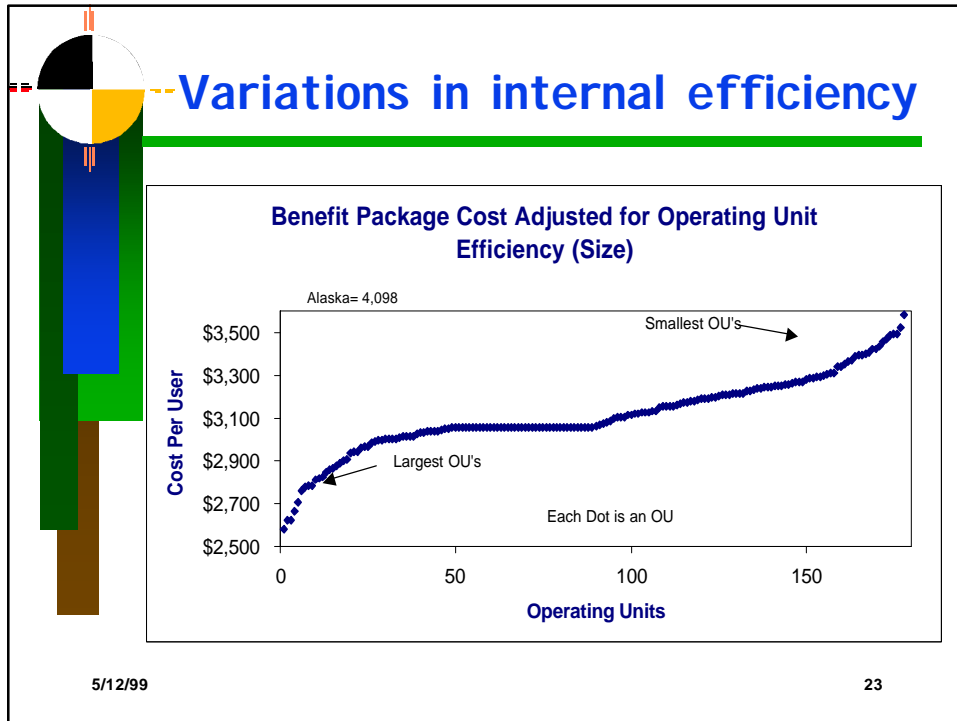
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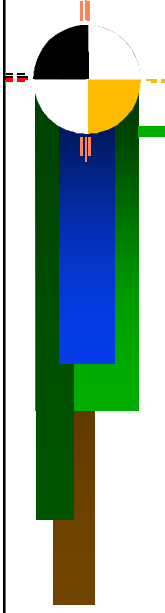
**Benefit Package Cost Adjusted for Local Purchase Price**



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## IHS Level of Need Funded Project





### Price of benefits package in your local operating unit

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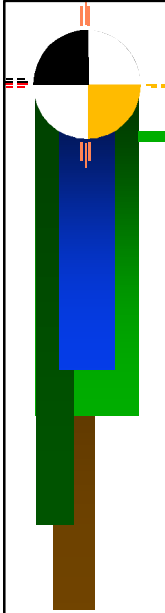
\$2,980 per user

- + - Local Price Adjustment
- + - Local Size Adjustment
- + - Area Health Status Adjustment

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Local Full Price

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### What is the NET benefit package cost to the OU?

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Local Full Price per user

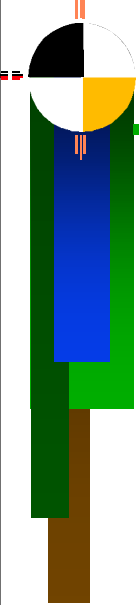
- Less \$730 Other Coverage (M,M,PI)
- Less Area-wide \$
- Less IHS-wide \$

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Local Net Cost per user

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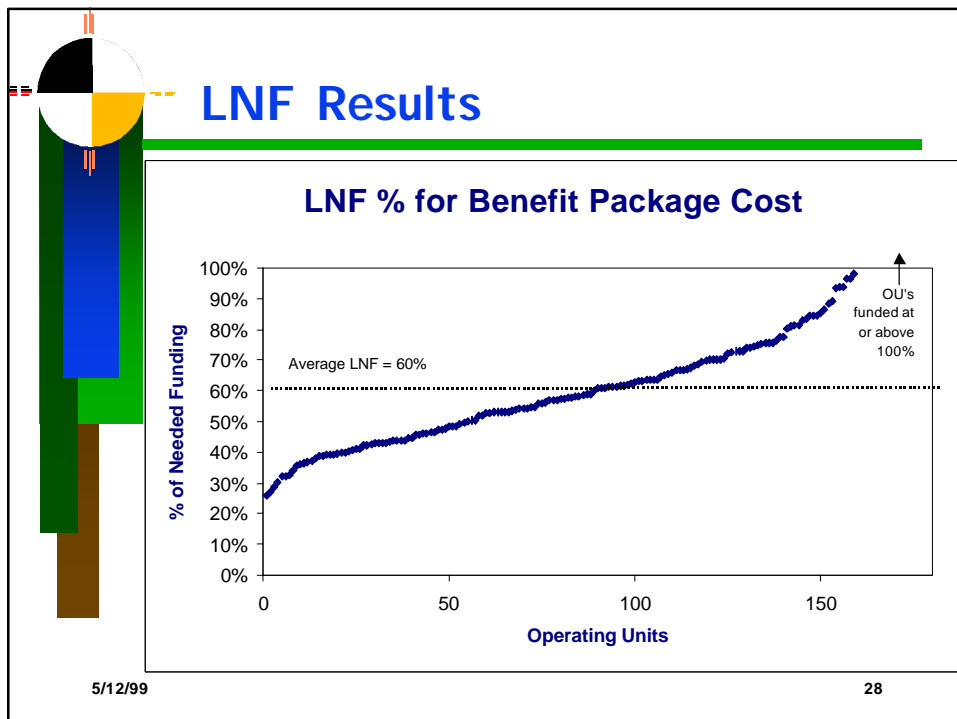
## IHS Level of Need Funded Project



### The LNF Calculation

$$\frac{\text{Local IHS \$ per user (less wrap-around \$)}}{\text{Local Net Cost per user}} = \text{LNF \%}$$

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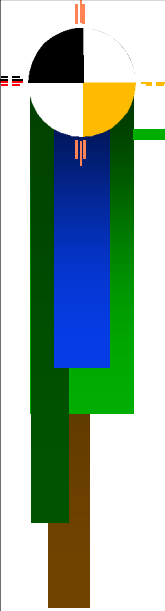




## Next Steps

- Initiate formal tribal consultation
- Distribute provisional results for review and discussion
- LNF report to Congress in first quarter 2000
- Allocate \$10m "health improvement fund" in first quarter 2000 after conclusion of consultation process

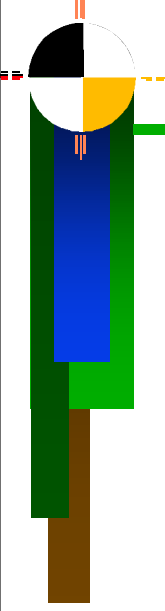
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## CONSULTATION PROCESS

- Dear tribal leader letter
- Distribute study for review
- Follow-up workshops if needed?
- Formal comment and feedback
- Issue decision as policy letter

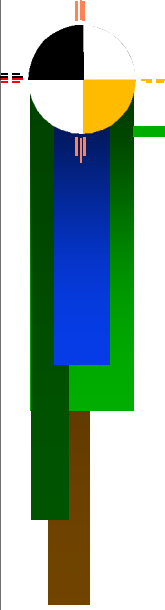
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## Some Consultation Issues

- LNF resource allocation formula
- Consideration of price, size, and health status in the formula
- Using LNF results in future budget formulation
- Research into other coverages
- Should IHS consider an LNF formula for other \$

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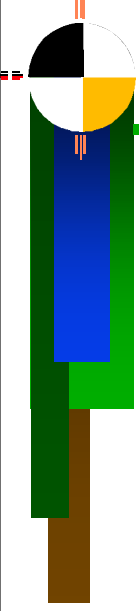


## Workgroup Recommendation

- IHS should consult with Tribes and Indian leaders about resource allocation using LNF results

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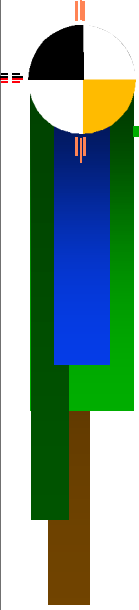




## Workgroup Recommendation

- The workgroup does NOT propose reallocating existing base funding using LNF results

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## Workgroup Recommendation

- Use the LNF allocation model for "equity" / health improvement funds. Consult about use of the formula for other funds.

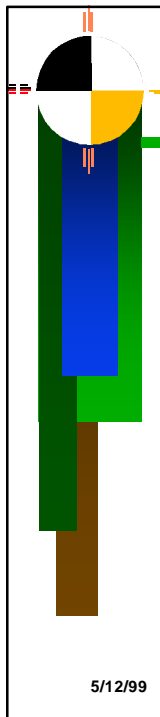
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## Workgroup Recommendation

- Apply the LNF formula using local level data (operating unit) considering price, efficiency (size), and health status

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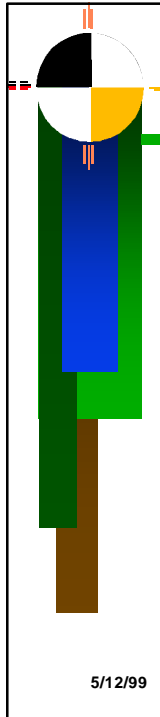


## Recommendation

- Target allocations to programs which are funded below average – currently 60 percent LNF

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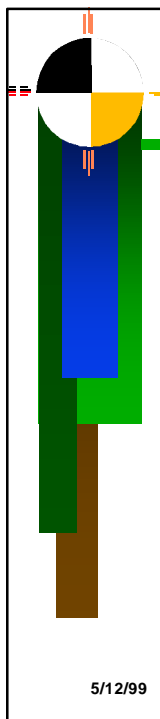
## IHS Level of Need Funded Project



### Recommendation

- Annually recalculate the LNF average (to include expanding groups of programs as funding rises)

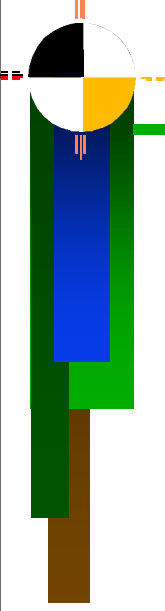
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### Formula

Operating Unit \$ Deficiency @ 60%	X	% Available in Health Improvement Fund
Tab 5 of Report		3.47% = (\$10m / \$288m)

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## Web Page

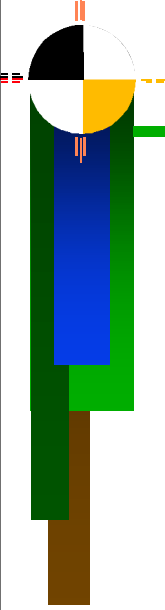
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Go to the IHS web site to browse  
or download **ALL** LNF documents

**WWW.IHS.GOV**

- Other Programs
- LNF Study

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## END

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